

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 101ST GENERAL ASSEMBLY

BILL NO: **SB 3806**

February 27, 2020

SPONSOR (S): Martwick

SYSTEM(S): State Deferred Compensation Article

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**FISCAL IMPACT:** There is no discernible fiscal impact associated with SB 3806. It is not known what, if any, additional administrative costs CMS might incur as a result of enrolling all newly hired Chicago teachers in the State Deferred Compensation Plan.

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**SUBJECT MATTER:** SB 3806 amends the State Deferred Compensation Article of the Pension Code to provide for automatic enrollment of all members of the Chicago Teachers Pension Fund, regardless of the date of hire.

**COMMENT:** P.A. 100-0277, which became effective on January 1, 2020, directed that new employees in GARS, SERS, and JRS shall automatically be enrolled by CMS into the State's deferred compensation plan as of July 1, 2020. Those employees automatically enrolled shall have 3% of their pre-tax gross compensation deferred into their individual accounts. New employees have 30 days from the start of employment to opt out of this mandatory deferred comp participation.

SB 3806 extends this automatic deferred comp enrollment provision to existing members of the Chicago Teacher's Pension Fund as of the bill's effective date. Automatic enrollment shall occur on the pay period following the effective date of the bill for existing employees.

DH:bs

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